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GENERAL

1. Views on possible Trieste settlement--Acting US Political Advisor Judd in Trieste transmits the view of General Airey, Commander of the British-US Zone, that the Allied Military Government (AMG) in Trieste should be terminated before the expected end of the European recovery program in 1952. According to Judd, General Airey believes that AMG's problems are sure to increase and that Allied withdrawal now is likely to be less awkward than at a later date. Airey also expressed the opinion that although British and US pressure may be necessary, present circumstances are favorable for direct Italo-Yugoslav negotiations on the Trieste problem. Airey believes that the Allies should retreat as little as possible from their present stand that the entire Trieste territory be returned to Italy and that negotiations should be prolonged at least until Atlantic Pact arrangements near completion. Judd comments that he personally favors, as a means of obtaining some indication of Tito's intentions, a preliminary and informal approach to the Yugoslavs with the clear statement that "the US would be unable to support Yugoslav territorial and other claims."

State Dept. review completed

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Approved For Release 2008/06/30 : CIA-RDP78-01617A006100060056-3